



**COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER**

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August 10, 2010

TO: Supervisor Gloria Molina, Chair
Supervisor Mark Ridley-Thomas
Supervisor Zev Yaroslavsky
Supervisor Don Knabe
Supervisor Michael D. Antonovich

FROM:

Wendy L. Watanabe
Auditor-Controller

SUBJECT: **EISNER PEDIATRIC AND FAMILY MEDICAL CENTER CONTRACT
REVIEW – A DEPARTMENT OF MENTAL HEALTH SERVICE
PROVIDER**

We completed a program and fiscal contract compliance review of Eisner Pediatric and Family Medical Center (Eisner or Agency), a Department of Mental Health (DMH) service provider. The purpose of our review was to determine whether Eisner provided the services, maintained proper documentation and appropriately accounted for and spent DMH program funds, as required by the County contract. Services include interviewing program clients, assessing their mental health needs, and developing and implementing a treatment plan.

DMH paid Eisner on a cost-reimbursement basis between \$2.02 and \$3.79 per minute of staff time (\$121.20 to \$227.40 per hour) for services or approximately \$570,000 for Fiscal Year (FY) 2008-09. The Agency's headquarters is located in the First District.

Results of Review

Eisner maintained documentation to support the service minutes billed and staff assigned to the County contract possessed the required qualifications. However, Eisner did not always comply with other County contract requirements and charged DMH \$3,856 in questioned costs. Specifically, Eisner:

- Charged DMH \$3,856 in depreciation costs for fixed assets used by non-DMH programs.

Eisner's attached response indicates that they will revise the Cost Report and reduce program expenditures by \$3,856.

- Did not complete some elements of the Client Care Plans and Progress Notes in accordance with the County contract.

Eisner's attached response indicates that they have taken corrective action by training staff and making certain that the Progress Notes directly address the client goals and the interventions.

- Did not conduct criminal clearances for two employees who worked on the DMH program.

Eisner's attached response indicates that they now require all newly hired employees to pass the criminal background clearance. In addition, Eisner indicated that they are conducting a criminal clearance on one of the two employees noted. The other employee identified in our report is no longer employed by the Agency.

We have attached the details of our review along with recommendations for corrective action.

Review of Report

We discussed the results of our review with Eisner and DMH. In the attached response, the Agency concurred with our recommendations and agreed to reduce their FY 2007-08 Cost Report by \$3,856. DMH will follow-up to ensure that the recommendations are implemented.

We thank Eisner management for their cooperation and assistance during this review. Please call me if you have any questions or your staff may contact Don Chadwick at (213) 253-0301.

WLW:MMO:JET:DC:EB

Attachment

c: William T Fujioka, Chief Executive Officer
Dr. Marvin J. Southard, Director, Department of Mental Health
Kevin Rossi, MD, Chairperson, Board of Directors, Eisner
Carl E. Coan, President and CEO, Eisner
Public Information Office
Audit Committee

**DEPARTMENT OF MENTAL HEALTH
EISNER PEDIATRIC AND FAMILY MEDICAL CENTER
FISCAL YEAR 2008-09**

BACKGROUND/PURPOSE

The Department of Mental Health (DMH) contracts with Eisner Pediatric and Family Medical Center (Eisner or Agency), a private, non-profit, community-based organization that provides services to clients in Service Planning Area 4. Services include interviewing program clients, assessing their mental health needs, and developing and implementing a treatment plan.

The purpose of our review was to determine whether Eisner provided the services, maintained proper documentation and appropriately accounted for and spent DMH program funds, as required by the County contract. We also evaluated the adequacy of the Agency's accounting records, internal controls and compliance with federal, State and County guidelines. In addition, we interviewed Agency staff.

BILLED SERVICES

Objective

Determine whether Eisner provided the services billed in accordance with their County contract with DMH.

Verification

We judgmentally selected 30 billings totaling 1,669 minutes from 36,966 service minutes of approved Medi-Cal billings for August and September 2008. We reviewed the Assessments, Client Care Plans and Progress Notes maintained in the clients' charts for the selected billings. The 1,669 minutes represent services provided to 15 program participants.

Results

Eisner maintained documentation to support the service minutes sampled and completed the Assessments in accordance with the County contract requirements. However, the Agency did not always complete some elements of the Client Care Plans and Progress Notes in accordance with the County contract requirements.

Client Care Plans

Eisner did not complete three (20%) of the 15 Client Care Plans in accordance with the County contract. Specifically, the Client Care Plans contained goals that were not specific and/or observable.

Progress Notes

The Agency did not complete five (17%) of the 30 Progress Notes in accordance with the County contract. Specifically:

- Four Progress Notes for mental health services did not describe what the clients or service staff attempted and/or accomplished towards the clients' goals.
- One Progress Note for the Medication Support Services did not indicate that the client was questioned about side effects, response to medication and medication compliance.

Recommendation

1. **Eisner management ensure that Client Care Plans and Progress Notes are completed in accordance with the County contract.**

STAFFING LEVELS**Objective**

Determine whether the Agency maintained the appropriate staffing ratios for applicable services.

We did not perform test work in this section, as the Agency did not provide services that require staffing ratios for this particular program.

Recommendation

None.

STAFFING QUALIFICATIONS**Objective**

Determine whether Eisner's treatment staff possessed the required qualifications to provide mental health services.

Verification

We reviewed the California Board of Behavioral Sciences' website and/or the personnel files for eight of the 12 Eisner treatment staff who provided services to DMH clients during August and September 2008.

Results

Each employee in our sample possessed the qualifications required to deliver the services billed.

Recommendation

None.

CASH/REVENUE

Objective

Determine whether cash receipts and revenue were properly recorded in the Agency's financial records and deposited timely in their bank account. In addition, determine whether the Agency maintained adequate controls over cash and other liquid assets.

Verification

We interviewed Eisner management and reviewed the Agency's financial records. We also reviewed the Agency's bank reconciliation for October 2008.

Results

Eisner maintained adequate controls to ensure that revenue was properly recorded and deposited in a timely manner.

Recommendation

None.

COST ALLOCATION PLAN

Objective

Determine whether Eisner's Cost Allocation Plan is prepared in compliance with the County contract and the Agency used the Plan to appropriately allocate shared program expenditures.

Verification

We reviewed the Agency's Cost Allocation Plan, interviewed management and reviewed their financial records.

Results

Eisner prepared their Cost Allocation Plan in compliance with the County contract and appropriately allocated their shared expenditures.

Recommendation

None.

EXPENDITURES

Objective

Determine whether program expenditures were allowable under the County contract, properly documented and accurately billed.

Verification

We reviewed financial records and documentation to support 18 non-payroll expenditure transactions totaling \$28,606 charged to the DMH program between July 2007 and September 2008.

Results

Eisner's expenditures were allowable, accurately billed and supported by documentation as required.

Recommendation

None.

FIXED ASSETS

Objective

Determine whether fixed asset depreciation costs charged to the DMH program were allowable under the County contract, properly documented and accurately billed.

Verification

We interviewed Agency personnel and reviewed the Agency's fixed assets and equipment inventory listing. In addition, we reviewed the depreciation costs charged to DMH for four fixed assets totaling \$6,170 that the Agency purchased between July 2007 and September 2008.

Results

Eisner charged DMH \$3,856 for the depreciation costs for fixed assets used by non-DMH programs.

Recommendations

Eisner management:

2. Revise their Fiscal Year (FY) 2007-08 Cost Report to reduce the reported program expenditures by \$3,856.
3. Ensure that only program expenditures related to DMH are charged to the DMH program.

PAYROLL AND PERSONNEL**Objective**

Determine whether payroll expenditures were appropriately charged to the DMH program. In addition, determine whether personnel files are maintained as required.

Verification

We traced the payroll expenditures for 11 employees totaling \$26,636 to the payroll records and time reports for the pay period ending August 16, 2008. We also interviewed three employees and reviewed personnel files for the 11 employees.

Results

Eisner's payroll expenditures were appropriately charged to the DMH program. However, Eisner did not conduct criminal clearances for two employees working on the DMH program as required by the County contract.

Recommendation

4. Eisner management ensure that criminal clearances are performed for all staff working on the County contract and maintained on file.

COST REPORT**Objective**

Determine whether Eisner's FY 2007-08 Cost Report reconciled to the Agency's accounting records.

Verification

We traced the Agency's FY 2007-08 Cost Report to the Agency's accounting records.

Results

The Agency's total expenditures listed on their Cost Report reconciled to the Agency's accounting records.

Recommendation

None.



April 1, 2010

Auditor-Controller Countywide Contract Monitoring Division
Attention: Wendy L. Watanabe
350 S. Figueroa Street, 8th Floor
Los Angeles, CA 90071

Dear Ms. Watanabe:

We have reviewed the County of Los Angeles Fiscal Contract Compliance Review of Pediatric & Family Medical Center dba Eisner Pediatric & Family Medical Center and offer the following comments for the recommendations provided by the Auditor-Controller Countywide Contract Monitoring Division:

Recommendation:

Eisner management ensures that Client Care Plans and Progress Notes are completed in accordance with the County contract.

Current Status: Implemented.

Specific training was done in our weekly staff meeting in January to review with the clinicians the need for goal specificity as well as making certain their progress notes directly addressed the client goals and the interventions. We developed an on-line quality assurance process (see attached) to ensure that more oversight was in place for the entire quality assurance process.

A review of these requirements will be done every 6 months in staff meeting or immediately with new staff to make sure all staff are trained and aware of how to document the progress note and care plans in accordance with the DMH requirements.

Recommendation:

Revise their FY 2007-08 Cost Report to reduce the reported program expenditures by \$3,856.

Current Status: Implemented.

Will revise cost report.

Recommendation:

Eisner management ensures that criminal clearances are performed for all staff working on the County contract and maintained on file.

Current Status: Implemented.

EPFMC's Human Resources Department now requires that all newly hired employees are subject to a criminal background clearance with the Live Scan Test. If for any reason the candidate refuses or does not pass the background clearance, he/she is denied employment with EPFMC.

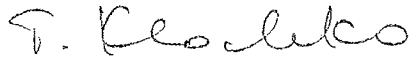
We appreciate the contract compliance review performed by County of Los Angeles Department of Auditor-Controller's audit team and look forward to working with the Supervisors to identify other priorities and resources necessary to implement the audit's recommendations.

Any questions pertaining to this letter, please contact the following staff:

Gail Myers, Director of Mental Health
Tatyana Klochko, CFO
PL Chavez, Assistant Controller
Brandee Warren, Human Resources

Thank you.

Sincerely,

A handwritten signature in cursive script, appearing to read "T. Klochko".

Tatyana Klochko, CFO

Cc: Carl E. Coan